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C O N F I D E N T I A L SANTO DOMINGO 005392

SIPDIS

STATE PASS AID; NSC FOR SHANNON

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SUBJECT: PROTESTS IN DOMINICAN REPUBLIC DRIVEN BY ECONOMIC DISCONTENT

Classified By: Charge Lisa Kubiske for reasons 1.5 b and d.

1. (C) Scattered demonstrations disrupted some peripheral neighborhoods in Santo Domingo and a few interior towns in the Dominican Republic September 29-30, temporarily shutting down businesses and a major highway and leaving one person dead, a dozen including several policemen injured, and dozens under arrest. The disorders were triggered by sudden widespread electrical power outages which hit the capital September 27, in connection with the renationalization of two major electrical distribution companies October 1 (septel). The protests were encouraged by groups of community activists who have engaged in such activities in the past. It is also likely that elements of opposition political parties, as in past outbreaks of unrest, paid the protesters who threw rocks at vehicles and blocked roads with burning tires and rubbish. There have also been shooting incidents.

2. (C) Protests had occurred sporadically in recent weeks, especially in the north of the country, which was hit earlier and harder by the power outages. Underlying the protests is rising economic discontent. Specific irritants commonly cited by the GODR's critics include:

-- the spread of the power outages, which have revived unpleasant memories of severe electric power shortages over the years;

-- the declining value of the Dominican peso, which has driven consumer inflation toward 35 percent, annualized; and

-- Adverse reaction to the government's proposed pay raise for public employees of only 9.5 percent.

3. (C) Charge and Defense Attache learned on October 1 during a courtesy call on LTG Soto Jimenez that President Mejia had just instructed the military to take measures to assure that electricity sector facilities such as generating plants were watched and protected from protests or destructive strike actions.

4. (C) Comment. The Mejia administration will want to act prudently to contain protests with a minimum of force, particularly remembering that the PRD lost three successive elections following its heavyhanded repression of riots in 1984. Opposition parties, thinking they benefit from disorder, will be playing the opposite game, encouraging resentment. The eventual risk, over the coming months, will be that increasing anger and frustration in the hard-hit towns and villages outside the capital will turn destructive. The GODR's mishandling of the electricity sector has been like shooting itself in the foot, repeatedly. The challenge now, in the face of provocation, is not to shoot the other foot.

KUBISKE